D3.2 Business needs for the implementation of effective DD approaches

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The DiliCHANCE project

The Challenge

The European Union perceives due diligence as crucial to its economic and sustainability goals. It is needed to secure critical raw materials, support the green and digital transition, and promote sustainable practices that reduce societal and environmental harm.

for more details please visit

www.DiliCHANCE.eu

Our Approach

DiliCHANCE improves due diligence in mineral value chains and responsible business conduct by (a) raising awareness and knowledge of human rights and environmental due diligence (HREDD) among corporate actors, (b) identifying gaps in HREDD implementation in policy and industry, (c) enhancing due diligence operations with better tools and new solutions, and (d) promoting multi-stakeholder engagement and capacity building.

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Overview

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Executive Summary

This report builds on the findings of the DiliCHANCE Baseline and Gap Analysis of Companies' Due Diligence Policies (D3.1), which was based on a desk review of publicly available reports from 21 large European companies. To validate these findings and gain deeper insights into the key bottlenecks companies face in implementing supply chain due diligence, as well as the practice-oriented needs for addressing these challenges, the study was complemented by several forms of stakeholder engagement, including an in-person panel discussion, confidential online interviews, and follow-up workshops. This report (D3.2) summarizes the findings of these stakeholder engagement activities.

The panel discussion was held during the WRF 2025 Conference in Geneva, where relevant experts, including representatives from upstream and downstream companies were present. This event was followed by 20 individual, confidential online interviews with experts in supply chain due diligence, procurement, and responsible sourcing from multinational companies representing different stages of the supply chain. The confidential format of the interviews enabled participants to speak openly about the challenges they face, the support they require, and potential pathways for improvement. The interviews were followed by three workshops involving the interview participants, during which the preliminary findings were presented and discussed. These workshops provided an opportunity to further validate the findings, facilitate the exchange of experiences and perspectives among participants, and identify potential solutions to common challenges.

While the initial Baseline and Gap Analysis (D3.1) identified significant reporting deficiencies as compared to the OECD Responsible Business Conduct (RBC) guidelines, the qualitative validation reveals that these are often a reflection of reporting gaps rather than action gaps. Companies withhold details on their practices for a variety of reasons, such as to avoid legal exposure or reputational damage, all while still maintaining their reporting obligations. The research finds that while due diligence is increasingly embedded in policies and management systems (step 1 of the OECD RBC guidelines), the majority of companies find the implementation steps (RBC steps 3-6) challenging, with critical operational weaknesses in mitigation, tracking, and providing remedies. Ultimately, the majority of companies practices are predominately driven by regulatory compliance and risk management. A proactive approach towards achieving improved, tangible human rights and environmental outcomes is less of a driver.

Key Findings

The study identifies several common areas of needs and challenges to supply chain due diligence amongst the 20 companies participated in interviews. For example, supply chain opacity, challenges in obtaining quality data, limited leverage over suppliers deeper in their supply chain tiers, and regulatory fragmentation and administrative burdens are commonly discussed as challenges and barriers to preventing effective due diligence, specifically for the companies' ability to identify and mitigate adverse impacts.

Companies expressed the need for harmonized regulations, clearer guidelines and guidance on what constitutes "sufficient" effort, more reliable data on supply chains, and shared efforts, mechanisms, and greater coordination across companies. Moving forward, effectiveness requires shifting from document heavy auditing. We need risk-based, outcome-focused models that integrate sustainability into core procurement methodologies, and mechanisms that foster collaboration, that balance transparency with business confidentiality, and greater guidance on a more genuine stakeholder engagement and remediation strategies.

Implications and Regulatory Context

The due diligence policy landscape in the EU is currently focused on the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and its most recent Omnibus simplification reforms. These regulations are shifting companies into mandatory due diligence procedures and reporting. However, the results of this research clearly find that the current system is incentivizing box-ticking over genuine impact. Companies focus on risk identification while getting lost or neglecting the more complex, resource-intensive steps of mitigation, tracking and remediation of any identified human rights or environmental risks. The continued lack of coordination amongst actors across the supply chain, shared infrastructure for data collection and traceability, or harmonized standards and guidelines, will further risk the industry remaining trapped in this loop. Regulators must consider supporting collective action to truly deliver the transformative social and environmental improvements the regulations intend.

1. Introduction

1.1. Background

DiliCHANCE background and objectives

The European Union (EU) perceives due diligence (DD) as crucial to its economic and sustainability goals. It is needed to secure critical raw materials, support the green and digital transition, and promote sustainable practices that reduce societal and environmental harm.

Given the importance of this topic for the EU to achieve its sustainability agenda, the DiliCHANCE project was launched in 2024 aiming to improve due diligence in mineral value chains and RBC (DiliCHANCE, 2025) by:

- raising awareness and knowledge of Human Rights and Environmental Due Diligence (HREDD) among corporate actors,
- identifying gaps in HREDD implementation in policy and industry,
- enhancing due diligence operations with better tools and new solutions, and
- promoting multi-stakeholder engagement and capacity building.

The overall project objectives are thus to optimize business practices, strengthen assurance measures, and enhance tools and resources for effective and successful implementation of due diligence in mineral supply chains (DiliCHANCE, 2024).

Scope of the Gap assessment (task 3.1)

How companies disclose their supply chain DD policies and practices, and to determine the extent to which these disclosures align with the six-step, risk-based approach recommended by the Organization for Economic Co-operation and Development's (OECD) Guidelines for Responsible Business Conduct (RBC) (OECD, 2018b) is a topic of ongoing public discussion. Despite numerous voluntary and/or mandatory regulations and guidelines intended to help companies comply with the evolving landscape of due diligence, they often struggle with implementing meaningful due diligence that delivers real environmental and social impact across their mineral value chains.

The Corporate Sustainability Due Diligence Directive (CSDDD) (European Union, 2024) and the Corporate Sustainability Reporting Directive (CSRD) (European Union, 2022) represent a regulatory shift towards standardized due diligence procedures and transparent reporting. The CSDDD is the EU law requiring large companies to identify, prevent, and remedy adverse human rights and environmental impacts in their operations and global supply chains. It's recent 2026 Omnibus amendments scaled back the original directive such that companies will fall into the mandatory reporting scope if they meet the following criteria: For large EU companies & partnerships > 5,000 employees and EUR 1.5 billion turnover (net) worldwide, for large non–EU companies at least EUR 1.5 billion turnover (net) in EU (European Union, 2026). While the Omnibus amendments have reduced the number of companies that will be required to do HREDD, there is still a regulatory push towards mandating due diligence and moving away from the voluntary reporting that characterized due diligence in the past.

As a part of the DiliCHANCE project's work package on *Improving Business' Due Diligence Practices*, a gap analysis was first conducted. Included in gap analysis were 21 large European companies that spanned the mining, trading, refining and recycling, mobility, renewable energy and electronics sectors. A tailored set of indicators and metrics were identified to assess the extent of disclosure and clarity of information on DD processes in companies' publicly available reports. These indicators and metrics were defined based on the OECD Guidelines on Responsible Business Conduct six-step risk-based approach (OECD, 2018b). More details on the methodology, assessment framework and results are available in DiliCHANCE report "D3.1- Baseline and gap analysis of companies' due diligence policies" (Ellis et al., 2025) and a summary is provided in Section 3 below.

1.2. Objective

With the findings of this original assessment in mind, the primary objective of this current work was to validate these results and accordingly to identify the bottlenecks and needs of due diligence practitioners that contribute to these gaps. To do this, the process strongly relied on actively engaging experts in authentic stakeholder engagement. This engagement was conducted in three formats, including an in-person validation workshop, detailed online expert interviews and three workshops with the interviewees to present the results and deepen the discussion. The details of the in-person validation workshop are presented in Chapter 3.

Top level Representatives from 20 companies were interviewed and provided valuable insights into the current state of due diligence, and from their point of view, what they see are the existing challenges and future opportunities. The qualitative data provided by the interviews were then assessed using a combined case study approach and the Gioia Method (Gioia et al., 2013). These discussion points provided by the interviewees were then evaluated for how multinational corporations organize environmental and human rights due diligence, how narratives shape strategies, actions and impact, and subsequently, conclusions were derived on commonalities amongst the sectors and what companies need moving forward for increased due diligence effectiveness. Further, the results of the analyses were presented to the interviewees in three online workshops to validate the findings and facilitate meaningful open dialogue between industry leaders to chart pathways forward on improved DD reporting, operation and implementation. The findings of these stakeholder engagement processes are summarized in this report.

2. Expert Interview Methodology

2.1. Sample description

To provide an overall picture of where the bottlenecks and needs of due diligence practitioners are and to compare and contrast by industrial sector, experts from leading companies were cordially invited to individual, online interviews together with a DiliCHANCE experienced researcher from the Vienna University of Economics and Business (WU). Using the broad business networks of the DiliCHANCE consortium members, sustainability and Corporate Social Responsibility (CSR) managers, supply chain managers, strategic purchasing and procurement officials, head of legal affairs and compliance, public relations, or executive level management officials were invited from 20 well-known companies representing diverse positions along mineral value chains. The criteria and number of the companies selected for the interviews included:

- Company headquarter locations: 11 European based, 9 non-EU
- Step in the value chain and sector:
  - Upstream to midstream (mining / trading / smelting & refining): 6
  - Downstream companies in the following sectors:
    - Mobility: 5
    - Energy: 4
    - Electronics: 5
- Company size: Approximate number of employees at the companies represented ranged from 250 to > 665 k;
- 17 of the 20 companies will likely fall in scope for mandatory due diligence reporting under CSDDD (including 2026 Omnibus amendments).

The number of company expert interviews performed (i.e. 20 in total) did not conform to a rigorous statistical representation of their respective industrial sectors. Given the most meaningful axis of variation in this dataset was not by sector, company size, or due diligence maturity, but rather value-chain position and the contrast between upstream and downstream companies, the discussion will thus be presented in terms of these perspectives. In this study, upstream companies are defined as mining, trading and refining entities. This categorization intentionally includes mid-stream operators within the upstream group, reflecting limited number of companies in this category and the practical reality that these companies are closely integrated with upstream extraction and processing activities. Downstream companies are defined as original equipment manufacturers (OEMs) in the electronics, automotive and energy sectors. Results presented here will further feed the solutions development in other tasks under this work package.

2.2. Interview design and format

The expert interviews were designed using a discursive approach, commonly applied in the social sciences to reveal how language is used strategically, this case by due diligence practitioners, to convey company practices, organizational values, and norms (Hardy, 2022). Using this method, the interviews were conducted in a candid format, such that the interviewees could present their viewpoints on HREDD in a way that facilitated open dialogue exchange and storytelling. Following a set of guiding questions provided in advance by WU, the interview was kept strictly confidential.

2.3. Data analysis approach

Interview transcripts were analysed by identifying thematic clusters and narrative patterns to derive structured and evidence-based conclusions. The analysis focused primarily on understanding companies' challenges, motivations, and needs related to implementing effective supply chain DD.

To validate the findings and further engage participants, three online workshops were subsequently organized with the interview partners. These sessions served both to inform interviewees about the analytical results and to deepen the discussions. After presenting the key insights, the workshops facilitated exchanges on how multinational corporations organize environmental and human rights due diligence, how narratives influence corporate strategies, actions, and perceived risks, and what companies require to implement effective due diligence practices (OECD, 2018b).

2.4. Limitations

It is important to acknowledge the limitations of the analyses of the interviews that were conducted. The sample size was too low for a statistically representative number of companies in each sector and therefore limits the conclusions that can be drawn by companies at specific positions along the value chain. Further, while there were some interviews where more than one person from a company was present, the majority of interviews were conducted with one individual speaking on behalf of a company. While all interviewees had expertise in the field of responsible sourcing, procurement and/or due diligence, incorporating the perspectives from different departments of the respective company could enhance the understanding of the complexities within each organization. Along these lines, while the majority of interviewees were experts in their relevant field, some participants had a more limited expertise regarding some of the specific topics addressed in this study. Furthermore, with the exception of one mid-range company, the majority of companies interviewed represented large companies, with > 250 full time equivalent (FTEs) employees. Including small to medium enterprises (SMEs) would reflect a greater understanding of the how due diligence challenges may be different due to resource constraints, limited or no dedicated compliance staff, or tighter budgets for risk assessments. Finally, efforts were made during the interview to minimize framing questions that might generate responses that showed tendencies of having a social desirability biases (Bergen & Labonté, 2020); however, this cannot be fully ruled out.

3. Validation Gap Analysis

3.1. Summary gap analysis results

The gap analysis conducted in 2025 (Ellis et al., 2025) revealed that there were major due diligence reporting gaps, most commonly found in the later stages of the OECD's RBC processes. Consistent with other benchmarks such as the Responsible Mining Index (WRF, 2025) (for upstream companies), the Corporate Human Rights Benchmark (World Benchmarking Alliance, 2026), and the studies conducted by OECD (OECD, 2018a, 2026) this assessment found that while many companies share reports on their early-stage policies or commitments, there is limited transparency in how these are implemented, monitored, and evaluated in practice. Most companies tend to report more frequently on the key issues of RBC, such as anti-corruption and anti-bribery, while details related to policies and practices of transparency, governance and consumer protection are less common. Additionally, many companies can show risk management systems in place, but they rarely disclose the details on the scope, methods and review cycles of the risks associated with their own operations, leaving it difficult for the public to assess the effectiveness or comparability of these due diligence systems. Moreover, many companies refer to their stakeholder or rightsholder[1] engagement efforts, but the details of the scope and design of these processes, and of the inclusion of rightsholders (e.g., indigenous peoples, workers, and local communities) in various due diligence processes, are rarely disclosed (Ellis et al., 2025). These findings are also consistent with the evidence from other available benchmarks, as listed above.

Although the sample size of this study did not allow for definitive conclusions at the sectoral level, preliminary observations suggest that downstream companies tend to disclose information on their DD policies and process more comprehensively than upstream actors (Ellis et al., 2025).

3.2. Qualitative validation process

To assess the credibility and relevance of the gap analysis findings, a qualitative stakeholder validation approach was employed. Rather than serving as a formal quantitative validation exercise, this approach aimed to determine whether the identified findings resonated with stakeholders' experiences and understanding of current reporting practices. It also provided an opportunity for stakeholders to offer additional context and insights that may not have been apparent from the document-based gap analysis alone.

This approach is conceptually aligned with member checking approach, a qualitative research technique in which stakeholders review and comment on research findings to confirm or challenge researchers' interpretations (Birt et al., 2016). By incorporating stakeholder feedback, the process helps enhance the contextual richness of the analysis while ensuring that the findings accurately reflect the realities and challenges faced by the organisations under review.

For the purpose of this task, two stakeholder engagement formats were employed: an in-person panel discussion (explained below) and a series of qualitative interviews as described in the methodology presented in the Chapter 2 above.

The in-person event was organized during the World Resources Forum (WRF) Conference, held on 2 September 2025 in Geneva. A panel of speakers was convened to engage directly with practitioners and validate whether the study's findings accurately reflected realities on the ground. The discussion also aimed to deepen understanding of the challenges, needs, and priorities companies face in meeting due diligence and regulatory requirements. As such, the panel brought together representatives from

[1] For the definitions of *stakeholders* and *rightsholders*, please refer to the glossary list, available on the DiliCHANCE One-Stop Shop.

a commodity trading company (Trafigura), a downstream company (BMW), the OECD and a civil society organization (Heinrich-Böll Foundation). Panellists were invited to share their perspectives on the findings of the gap analysis and provide additional insights based on their experiences. To facilitate a better-informed discussion, the gap analysis report (D3.1) was shared with panellists in advance, and the key findings were presented at the beginning of the session[2].

During the online interviews and subsequent discussions with the interviewees, the key findings emerging from the gap analysis were presented for validation and reflection. Interviewees were invited to share their perspectives on these findings and to comment on their relevance, accuracy, and practical implications.

As a high degree of consistency was observed in the responses provided in the initial set of interviews, and in consideration of the available interview time, these validation questions were not posed to all 20 interviewees. Instead, the findings were discussed with a representative subset of participants until thematic saturation was reached and no substantially new insights emerged (Saunders et al., 2018). This approach allowed for efficient use of interview time while still ensuring that the key findings were critically reviewed by stakeholders.

3.3. Key findings of the validation process

The validation process broadly confirms the patterns identified in the gap analysis but add important nuance that complicates several of its conclusions.

The gap analysis found that companies disclose considerably more information about their policy commitments (OECD Step 1) than about implementation, monitoring, and remediation activities (OECD Step 3 and Step 6). Discussions with company representatives confirm that reporting on these later-stage activities are indeed operationally weaker. Companies suggested several explanations for these reporting gaps.

While the possibility of actual weaknesses in implementation was not ruled out, respondents consistently reframed what the gap analysis interpreted as an ‘action gap’ as, at least partly, rather than a ‘reporting gap’. Many companies argued that they undertake more due diligence activity than is reflected in their public disclosures, particularly in politically sensitive areas such as risk monitoring, remediation and stakeholder engagement.

A key explanation for underreporting was their concern about legal and reputational risks. Companies expressed reluctance to publish detailed information about identified risks, remediation efforts, or ongoing challenges because of the potential for negative publicity and what one representative described as a “trial by media.” According to respondents, transparency about shortcomings or unresolved issues can be interpreted as evidence of failure rather than as an indication of active

[2] Summary report of the findings of the WRF25 conference session titled “From Gaps to Solutions: Advancing Due Diligence Implementation in Raw Material Supply Chains”- Available here: https://www.wrforum.org/wrf25/challenges-and-opportunities-supply-chain-due-diligence/

engagement with complex problems. More broadly, fear of criticism, legal exposure, and interpretive risk appears to encourage companies to strategically under-disclosure. Companies worry that providing greater methodological details may invite unfavourable comparisons with peers without considering the context and conditions, while openly discussing difficulties may expose them to stakeholder criticism, competitive sensitivity and legal scrutiny.

Some representatives also pointed to recent cases in which companies were accused of “greenwashing,” by advertising standards authorities or investigative journalists. Such cases were seen as creating a more cautious reporting environment, in which companies seek to avoid making claims that could later be challenged as exaggerated or aimed for greenwashing. As a result, some organisations may deliberately understate their due diligence efforts rather than risk being perceived as over-promising.

One of the reporting gaps identified in the analysis was the limited disclosure of stakeholder engagement processes, their format and their outcomes. Some representatives suggested that this gap may not necessarily reflect a lack of engagement activity, but rather the challenges associated with reporting on such activities. Meaningful stakeholder engagement often depends on maintaining confidentiality and fostering a trusted environment in which stakeholders can speak openly and express their concern. Public disclosure of engagement processes, discussions, or outcomes may undermine this trust, discourage frank participation, and potentially expose stakeholders to risks. Consequently, companies may choose to limit reporting on certain engagement activities, even where these constitute an important component of their due diligence processes. This rationale was also mentioned in relation to the limited disclosure on grievance mechanisms. Participants emphasized that the effectiveness of grievance mechanisms depends fundamentally on confidentiality and the protection of stakeholders who complain. Detailed public reporting on the design, operation, or outcomes of specific grievance cases may risk revealing sensitive information, compromising anonymity, or exposing affected individuals to adverse consequences.

Another area discussed with the participants was about the gap analysis finding that while due diligence is being acknowledged and addressed by many companies, it is often integrated into broader ESG or compliance frameworks rather than treated as a distinct policy area. Some respondents indicated that such integration could facilitate internal uptake and implementation by aligning due diligence requirements with existing governance structures, processes, and reporting mechanisms. At the same time, it was acknowledged that integration can reduce the visibility and accountability of due diligence efforts, making it harder to assess their scope and effectiveness.

The most significant complication concerns the gap analysis finding that downstream companies disclose more information about their due diligence efforts than upstream counterparts. The interview findings suggest that this pattern may be driven less by actual differences in their commitment to implement due diligence practices and more by differences in disclosure culture, listing status, regulatory exposure, and pressure from consumers and external stakeholders. In particular, downstream companies often operate in more visible environments and face greater scrutiny from investors, customers, civil society organisations, and the media, creating stronger incentives for them to more comprehensively do public reporting. A summary of the key findings of the validation process is provided in Table 1.

While the validation process confirmed the relevance of the majority of the identified reporting gaps, it provided deeper insights into the factors driving these gaps, as well as the organizational context in which they occur within participating companies. Beyond validating the findings, stakeholder feedback highlighted that these gaps are closely linked to a range of underlying governance and operational challenges. Understanding these challenges is essential for interpreting the gap analysis results and identifying effective pathways for improvement. The following chapter summarizes the key challenges in implementing DD identified by the interviewees.

Gap analysis finding	Validation result	Key nuance
Commitment–action gap (policies are more strongly disclosed than the actual implementation)	**Confirmed**, but **reframed** as primarily a 'reporting gap' rather than an 'action gap'. Companies say they do more than they disclose.	Fear of criticism, legal exposure, and interpretive risk drive under-disclosure of later-stage activities.
Monitoring (Step 4) and remediation (Step 6) weakest areas	**Confirmed** - these are genuinely the operationally hardest areas, not just under-reported.	○ Remediation is case-specific, leverage-dependent, and politically sensitive. It is often handled quietly on purpose.
Risk systems claimed but details thin	**Confirmed** - while this could be an actual lack of activity, strategic under-disclosure.	○ Companies fear that disclosing methods invites comparison, criticism and negative publicity. Risk mitigation methodologies are seen as commercially sensitive.
Stakeholder involvement poorly disclosed	**Partially confirmed** - with important exception.	○ Upstream companies describe engagement that occurs in practice but is invisible in indicator-based disclosure tools.
Grievance mechanisms lack accessibility and effectiveness reporting	**Confirmed** - silence extends to private accounts as well.	○ Grievance mechanisms function as feedback tools rather than remedy channels.
Downstream companies disclose more than upstream	**Complicated** rather than confirmed.	○ Interviews suggest culture, ownership, and listing status matter more than strict value-chain position. A partial "disclosure–practice inversion" exists: Two upstream companies demonstrably have practices exceeding their disclosures.
DD embedded in broader ESG/compliance frameworks	**Confirmed**	○ Integration improves and facilitates internal uptake but reduces visibility and accountability of due diligence as a distinct process.

Table 1. The key validations of the results discussed in the Gap Analyses (D3.1) together with important nuanced details.

4. Key Challenges

There are numerous challenges that were discussed by the interviewees that can be broadly characterized into thematic categories that cut across sectors and company sizes which structured this section. As shown in Table 2, these include supply chain complexity and opacity, information and data deficits, governance and leverage constraints, regulatory and compliance burdens, and operational strains like organisational capacity and resources, and supplier capability and readiness.

Key Supply Chain Due Diligence Challenges Identified in Company Interviews				
Supply chain complexity	**Poor data availability & quality**	**Limited supplier leverage**	**Fragmented regulation**	**Operational strains**
▪ Globally dispersed supply chains ▪ Sheer number of suppliers with various maturity and knowledge levels ▪ Variability in commodity requirements ▪ Confidentiality of supply chain information	▪ Lack of standardized data formats ▪ Variety and inconsistency in data reporting templates ▪ Unreliable and inconsistent self-assessment practices	▪ Difficulty to enforce change beyond direct suppliers ▪ Fragmented and inconsistent demands from suppliers ▪ Fear of reputational risks	▪ Overlapping obligations along European and national regulatory frameworks ▪ Lack of alignments of requirements for various commodities ▪ Unclear implementation timelines	▪ Difficulty in engaging suppliers (supplier fatigue) ▪ Difficulty in risk prevention and mitigation ▪ Challenges in tracking the effectiveness ▪ Difficulty in operationalization of remediation processes

Table 2: Key supply chain due diligence challenges identified in company interviews

For a company, understanding and mapping its direct suppliers (tier 1) and their subsequent sub-suppliers (tier 2 and beyond) is a critical component of due diligence and for building a sustainable supply chain. However, many companies in fact **lack visibility beyond their tier 1 partners**, leading to problems for companies trying to conduct meaningful and impactful due diligence and to fully implement responsible business conduct in their operations. This was overwhelmingly reflected in the qualitative dataset provided by the interviews. Companies across all sectors and value-chain positions describe multi-tiered, globally dispersed supply chains in which visibility diminishes rapidly beyond their immediate business partners, as highlighted by a downstream company *"[...] the mines are often tier 5, 6, 7, 8, so it's very difficult for us to pinpoint"*. The scale of the problem is compounded by the sheer number of supplier relationships involved, as described by a downstream company managing *"[...]at least 70'000 suppliers."*, while an upstream company highlighted having 16'000 downstream suppliers and openly questioned how larger original equipment manufacturers (OEMs) could realistically cope beyond tier 1. An upstream company framed the issue as one of *"scaling complexity"* arising from *"a large number of suppliers across complex, multi-tiered supply chains"*, while another described upstream visibility as *"not straightforward"*, especially where supply chain information is treated as commercially confidential. Several interviewees emphasized that due diligence is not conceptually difficult but becomes operationally intractable in deep supply chains. This challenge is discussed with clear frustration and pragmatic approaches. Transparent data availability was a central challenge reiterated during the subsequent webinars of the interviewees. It was mentioned that for some mineral value chains, such as with the conflict minerals, there are some standardized data collection approaches, but for other minerals, there still exists a significant information gap, especially at the upstream end. Furthermore, transparency is often at odds with business confidentiality issues and the realities of being in a competitive environment.

Closely linked to supply chain complexity is the challenge of **data availability, quality, and comparability**. Companies describe a landscape of inconsistent questionnaires, unreliable supplier self-assessments, and a lack of standardized data formats that would allow meaningful comparison across suppliers or over time. One downstream company captured the frustration concisely: *"across many tiers of suppliers […] where can we get the data"*. Indeed, quality data availability has been previously identified by others as a significant challenge of due diligence implementation (Geiger et al., 2016; Reynolds, 2024).

Limited leverage companies have over their suppliers, particularly further upstream, was additionally identified as a challenge to successful due diligence implementation. Practitioners in companies are often encouraged to utilise leverage over their suppliers to promote transparency and the sharing of data (Gualandris et al., 2015). However, the interviewees identified this as constrained and the nature this problem differing by value-chain position. Downstream companies stress their inability to enforce changes beyond their direct suppliers. A downstream company described the slow, project-based nature of addressing identified risks: *"you have to set up a project and so on. So, it takes some time"*. Upstream companies, by contrast, describe fragmented and sometimes contradictory demands from their downstream customers, which make it difficult to develop coherent responses.

A common topic of frustration by due diligence practitioners is the perception of **regulatory fragmentation and administrative burdens**. This features prominently in the interviews, but with a distinctive tone. Responses are roughly split in the middle concerning mentions of resource intensity compared to a fragmented regulation landscape and inconsistent requirements. This concerns especially overlapping obligations under CSDDD, CSRD, the EU Deforestation Regulation (EUDR), and various national regulations. An upstream company described regulatory fragmentation as "*very challenging,"* particularly the need for alignment across *"different frameworks for different commodities"*. Another expressed visible frustration about unclear implementation timelines: *"What is actually required by when?"*. However, interviewees generally discuss regulatory burdens with pragmatic acceptance rather than fundamental resistance. A downstream company described due diligence as *"regulation motivated… it's a must",* which best captures the general attitude throughout the interviews. Furthermore, the regulatory environment is evolving so rapidly, that between the individual interviews and the subsequent webinars of the interview partners, certain global jurisdictions have introduced new laws, effectively immediately, making it more difficult for companies to collect the required due diligence data from partners within those countries. The uncertainty to which these regulations could affect a company's own data collection and reporting procedures and any negative repercussions, such as penalties, was a concern repeatedly mentioned.

There were some less frequently discussed challenges amongst the data from the interviews, but which still notable are those of **engaging suppliers and securing their buy-in, tracking the**

effectiveness of due diligence measures, and **operationalising remediation and grievance mechanisms**. Supplier engagement difficulties are described in terms of supplier fatigue from multiple audits and questionnaires, fear that information may be used against them, and unclear or shifting expectations. Tracking effectiveness is widely acknowledged as underdeveloped, with social impact measurement identified as particularly weak. Remediation is normatively acknowledged, as companies accept it as part of the OECD framework, but it is described as practically constrained by limited access to affected communities, insufficient leverage over upstream actors, and political sensitivities in specific sourcing contexts.

4.1. Identified challenges associated with OECD RBC framework steps

The OECD clearly outlines in its framework six steps to responsible business conduct (OECD, 2018b), and has become the basis for most due diligence methodologies and practices. However, companies often struggle with implementation of one or more of the steps into their standards of practice. In this study, when asked to discuss their challenges in regard to which step of the framework proves the most difficult, the interviewees did not converge upon one step in a majority, rather the answers were unevenly distributed across the framework.

Step 1: Embedding of responsible business conduct into policies and management systems. This was largely discussed across the interview dataset as a historical challenge that has been largely resolved. The majority of companies described their policy frameworks as established, with several interviewees explicitly stated that this step is *"not the hard part"*.

Step 2: Identify and assess actual and potential adverse impacts. This step was the most widely discussed across the interviews. As identified by others (Smith, 2026), this step requires mapping the value chain, gathering data on operations, supply-chain relationships, and business partners, and evaluating the severity and likelihood of human rights, environmental, labour rights, bribery, or consumer interest risks. In the interviews, the majority of interviewees describe the underlying task of knowing what is actually happening in their supply chains as structurally unresolved. A downstream company, when asked directly which step poses the greatest challenge, responded simply: *"Yes, more or less the second one"* while another described Step 2 as *"very difficult"* linking it directly to the depth of supply chains where *"the mines are often tier 5, 6, 7, 8"*.

Step 3: Cease, prevent or mitigate identified adverse impacts. This step was the second most frequently cited challenge of the OECD framework. Here the difficulty shifted from information rather to action. The results of the interview analyses showed that even when companies identify risks, translating that into meaningful change is constrained by limited leverage, particularly for downstream firms operating far from the point of impact. An upstream company was explicit in identifying this step as the core difficulty: *"it's about step three, I would say... it's about the mitigation because that's what I find is in general most challenging"*. Another highlighted limited leverage as a key constraint on mitigation, while a downstream company criticised audit-heavy approaches precisely because they do not ensure real prevention.

For several interviewees, the relationship between steps 2 and 3 was identified as sequential and compounding, meaning if impact identification (step 2) is already imperfect, the actions (step 3) that stem from it would be inevitably insufficient.

The importance of step 3 was further emphasized by one downstream company during the subsequent workshops with the interviewees. This company representative explicitly mentions that many companies get stuck in steps 1 and 2. However, the challenge comes with moving on towards step 3 with mitigation and improving the actual practices of the supply chain, which, in their opinion, is the actual purpose of due diligence.

Step 4: Track implementation and results. Step 4 was discussed in a smaller but important number of interviews. Interviewees consistently described this step as underdeveloped. A downstream company articulated this challenge with particular clarity: *"I would say that, like tracking… especially for the social sustainability topics, how do you track impacts and results?"*. Another noted that tracking becomes difficult when impacts are qualitative, such as community engagement outcomes, rather than quantifiable metrics, while yet another described its monitoring and tracking capacities as still *"at the beginning"*. The weakness of Step 4 was closely linked to the broader observation that companies struggle to measure the real-world effects of their due diligence activities, particularly in social and human rights where indicators are less developed than in environmental areas. This theme is common throughout the interviews, and ties closely to the procedural orientation rather than an outcome-based orientation mentioned earlier. Furthermore, absolute traceability using digital tools in development are often touted as the solution to all due diligence needs, as pointed out during the workshops with the interviewees. However, electronics companies see this as impossible with what is available right now and question if such tools produce an accurate reflection of company supply chains.

Step 5: Communicate how impacts are addressed. In the analyses of the interview dataset, step 5 was rarely described as an operational bottleneck. Most companies treat reporting and disclosure as something they do in response to regulatory requirements, particularly under the CSRD. However, several interviewees expressed a more interesting tension, not in the inability to communicate, but rather a strategic hesitation about transparency. Companies are cautious about how much operational detail to disclose, balancing regulatory expectations against reputational risk and competitive sensitivity. This reluctance to disclose more than required emerged as a recurring theme, even among companies with relatively advanced due diligence systems.

Step 6: Provide for or cooperate in remediation when appropriate. The final step of the OECD framework had a distinctive position in the interviews. It was acknowledged as important by a meaningful number of interviewees but was described as practically constrained. An upstream company stated that Step 6 *"is always a bit of a challenge"* and highlighted the absence of a shared understanding about what remediation should look like in practice. Similarly, a downstream company framed remediation and improvement as *"the hardest but most important step"* and provided some of the most concrete examples of remedial action in the dataset, including living wage bonuses and improvement funds.

An upstream company described remediation as politically sensitive and time-intensive, treating it as a last resort. For most other companies, remediation was discussed at a greater distance, acknowledged as part of the framework but not yet a domain of substantial operational experience.

The analyses of the interview data revealed an overall structural pattern. The OECD framework is strongest, in terms of company systems and attention, at Steps 1 and 2, which are related to embedding policies and identifying risks. It is operationally strained at Step 3, where leverage constraints limit what companies can actually do about identified problems. And it is weakest in emphasis and capability at Steps 4 and 6, where tracking, and remediation remain underdeveloped. No single company in the data sample positioned tracking or remediation as the strategic core of its due diligence approach. The centre of their attention remained on risk identification and the design of defensible processes, relating again back to the main motivator of due diligence being regulatory compliance, a finding that held consistently across all interviews. These results broadly aligned with the results of previous assessments conducted by OECD, which also showed that the most progress was made by companies in terms of establishing management systems and developing policies while the implementation of these policies and measures to assess their impact are less addressed (OECD, 2018a, 2026).

This asymmetry in the analyses of the interview responses carries policy implications. It suggests that the due diligence process, as currently practised, is front-loaded, meaning companies have invested most heavily in knowing what the risks are, and in designing systems to manage those risks procedurally. The latter stages of actually acting on those risks, measuring whether action has had an effect, and providing remedies where harm has occurred, were less emphasized in the dataset provided by the interviews. This is not because companies deny their importance but because the practical tools, incentives, and cooperative mechanisms to support them are less developed. These findings are also in line with the findings of the DiliCHANCE Task 3.1 gap analyses (Ellis et al., 2025).

5. Motivation and Perceived Benefits

With the CSRD and the CSDDD requirements and previously with voluntary reporting mechanisms, the motivations for companies to conduct HREDD are fundamentally founded in a legal obligation to do so. But beyond this, having strong due diligence systems brings many more benefits, motivating companies to seek improvements in their methodologies. The following section describes the perspectives of interviewees of what solid due diligence systems can bring to a company. The discussions reveal that the motivations and perceived benefits for conducting HREDD are indeed closely intertwined.

Figure 1: Motivation and perceived benefits of supply chain due diligence identified in company interviews

As mentioned, first and foremost the primary motivation for undertaking supply chain due diligence are the **regulatory compliance and legal obligations**. This was the consensus across both upstream and downstream companies interviewed and was rather seen as a precondition for participation in the market. Given the nature of upstream companies' business activities, this requirement manifested in terms of maintaining the societal acceptance of their operations. Downstream companies on the other hand, framed it more directly as a must and a necessary baseline without which responsible business could not be achieved.

Another common point of discussion across the interviews, that is interwoven with this topic of compliance and legal obligation, is the idea that due diligence reporting is fundamentally related to company **risk reduction and liability management**. Companies describe due diligence as a mechanism for identifying and managing exposure to supply chain disruptions, reputational damage, or legal liability. An upstream company emphasized *"predictability"* and *"future-proofing"* as key benefits, while another described early risk identification as enabling earlier engagement and prevention. The results of the language analyses showed that tone here was rather defensive and not aspirational and that due diligence, in the end, helps companies avoid problems rather than create positive value. Furthermore, the findings suggest that companies view due diligence as a tool for managing enterprise (business) risks (e.g. operational, supply chain disruptions, legal exposure, …) rather than impact risks, namely adverse environment and human rights impacts caused by their own operations and value chains.

Positive company image, **brand protection, and stakeholder trust** is an additional cluster of motivations and benefits that is perceived to come along with effective due diligence and was discussed frequently during the interviews. A downstream company described the benefit of due diligence as *"walking the talk"* and to maintaining credibility with its customers and society as a whole. While another company on the downstream end of the value chain noted that due diligence *"helps us stick out"* as a more sustainable solution. Such discussions are almost exclusively qualitative in nature, as no company provided any metrics for how reputational impact or financial benefits was measured. This finding is consistent with the results of the DiliCHANCE Task 3.1 gap analysis (Ellis et al., 2025), that showed that most companies have risk management systems in place, but rarely disclose details on the scope, methods or review of the operational effectiveness of their due diligence.

Similarly, **customer and market expectations** was frequently mentioned by the interviewees in terms of framing due diligence as a precondition for commercial relationships. Specifically, multiple downstream companies described due diligence as something increasingly expected in supplier relationships, positioning it less as an ethical choice and more as a **commercial necessity**. This framing reinforces the overall defensive character of motivations, in other words, companies conduct due diligence to retain access to markets and customers, not necessarily to differentiate themselves.

One interesting result of the analyses that was only discussed in a smaller, subset of interviews was the notion that **values, ethics, and organisational identity** are motivations and/or benefits of due diligence. Of this subset, company ethos was discussed from a minority of both the up- and downstream companies of the value chain represented. One interviewee from a downstream company was explicit about the personal dimension: *"this is my personal motivation, not to follow a law […] I believe we need to do business based on business ethics"*. Another downstream company stands apart in the entire dataset saying: "*The founding reason of* [company] *was to try to create* […] *in a better way that addresses all the impacts […] due diligence was never seen as compliance. It was one of our driving missions […] our sales targets are at the same level as our impact targets"*. A specific upstream company framed its approach as *"impact driven due diligence […] trying to live out our values […] we can look in the mirror and say that we do believe genuinely that we are doing business that aligns with our values"*. For other companies that use values language, the articulation tends to be more abstract and sits below dominant compliance framing rather than replacing it. These results suggested that conviction or company ethos was not the primary driving factor for conducting HREDD for the majority of companies.

> ***ACROSS ALL TWENTY INTERVIEWS, NO COMPANY DESCRIBES A SYSTEMATIC APPROACH TO TRANSLATING DUE DILIGENCE RISKS INTO FINANCIAL METRICS. RISK ASSESSMENT REMAINS OVERWHELMINGLY QUALITATIVE, STRUCTURED AROUND CATEGORICAL CLASSIFICATIONS RATHER THAN MONETARY VALUES. NO COMPANY REPORTS QUANTIFIED COST SAVINGS, MARGIN IMPROVEMENTS, PRICE PREMIUMS, OR IMPROVED COST OF CAPITAL ATTRIBUTABLE TO DUE DILIGENCE. THE FINANCIAL LOGIC REMAINS EXCLUSIVELY DEFENSIVE, DUE DILIGENCE PROTECTS AGAINST POTENTIAL LOSSES RATHER THAN GENERATING DEMONSTRABLE GAINS.***

Finally, noticeably absent from the dataset provided by the interviews was **strategic differentiation through due diligence**. This idea is centred around a company's unique approach to business and how it can distinguish itself from its competitors (Porter, 2008). Some researchers have postulated that due diligence and ESG are central to sustainable business performance and should no longer be seen as an option (Yan, 2025). However, an upstream company explicitly tested whether due diligence performance could be monetized, and reported that the market was unreceptive. Further, a downstream company explicitly called the cost-saving narrative around due diligence *"a fancy narrative"*. The one industry association present in the sample of interviews, noted that due diligence benefits are *"difficult to quantify in monetary terms"*. The near-total absence of financial benefit claims across twenty large companies is itself a significant finding that **due diligence is not experienced as an investment that generates returns**, but rather as a cost of doing business responsibly in regulated markets.

However, during the subsequent workshops with the interviewees, one company stated that integration of due diligence systems into the DNA of the company and its decision making may have a higher initial effort but may increase resilience in the supply chain in the long-term.

6. Business Needs for Effective DD

There are explicit needs to implementing or strengthening due diligence that were identified by companies in the interview data set. Most of these closely mirror the challenges presented earlier. While much there was discussion of needs focusing on tools, traceability systems, and better supply chain data, some of the most urgently requested needs were regarding facilitation of systemic and institutional conditions for better due diligence. This is in contrast to a commonly held belief that companies would require financial support, technical tools or less ambitious requirements. The following section analyses the most commonly discussed needs.

As mentioned, the single most commonly discussed business need was with regards to **more harmonised and less fragmented regulations** and clearer HREDD **implementation guidance**. This was not just a frequently mentioned point, but it is also the most emotionally charged amongst interviewees. A downstream company stated bluntly: *"We need planning security",* while another called for *"clear rules and guidelines from the EU"*. A further downstream company simply requested *"consistent messaging"* across regulatory frameworks, while another called for EU-level harmonisation to prevent the fragmentation that arises when member states transpose directives differently. On the other side of the value chain, an upstream company asked for *"implementation guidelines [...] not long after the regulation"*, stressing the practical impossibility of compliance when detailed requirements remain undefined even after legislation has been adopted. Yet another upstream company described the consequences of absent guidance in direct terms, that a lack of clarity leads to *"stupid discussions"* about interpretation. The frustration was not with the principle of regulation itself, but rather with the way it gets executed. Companies consistently reported that they accept that due diligence regulation is legitimate and necessary, but argued that the current patchwork of overlapping, evolving, and sometimes contradictory requirements makes effective implementation far more difficult than it needs to be. These finding are in line with those of the OECD, as described in a recently published report (OECD, 2026).

Text Box 1 - Companies' perception of the Omnibus package

When asked about the EU Omnibus proposal (European Commission, 2026), most interviewees viewed it negatively, not because it increased compliance requirements, but because it introduced uncertainty. Several sustainability professionals reported that the proposal weakened the internal legitimacy of due diligence initiatives, undermining support for efforts that had already been established in preparation for the CSDDD.

Many companies stated that they had already invested in governance structures, supplier engagement, and data collection systems to prepare for compliance. As a result, the Omnibus proposal was perceived as causing delays and uncertainty rather than reducing burdens. One upstream company also expressed concerns about the loss of a "level playing field", arguing that companies still subject to due diligence requirements face higher costs for supplier engagement, traceability, data collection, and reporting than those no longer affected. Overall, the Omnibus proposal was perceived as shifting expectations and creating regulatory uncertainty, which weakened incentives for continued investment in due diligence systems and implementation.

The second most commonly expressed need by the companies was for **more reliable supply chain data and traceability systems**. While such systems that are reliable and effective are still being developed, it was the general belief that such systems cannot be the sole burden of the company. For example, one particular downstream company was quite direct in mentioning *"That's the infrastructure we would need to get full traceability"*, framing the need as one of shared public or industry-level infrastructure rather than individual company investment. Another argued that traceability *"needs to be done by governments or assurance schemes"* rather than by individual firms, reflecting a widely shared view that no single company can alone solve this data problem. The underlying logic is that companies individually bear the cost of gathering, verifying, and managing supply chain information that would be far more efficiently provided through shared platforms and standardised formats. These findings are consistent with those recently reported by the International Energy Agency (IEA) and the OECD, where solving the issues of cost, lack of interoperability, limited sharing of information and assistance from the government would support in wider uptake of traceability systems (IEA, 2025). It is noteworthy to mention that the IEA/OECD report further emphasise that, while governments have an important role in establishing harmonised governance and data frameworks for traceability, traceability systems should remain fit for purpose. Accordingly, the choice of chain-of-custody model should be tailored to the specific characteristics, policy objectives, and risk profiles of the commodities and supply chains concerned, rather than applying a single approach across all minerals (IEA, 2025).

Similarly, closely related to this need for more supply chain data, it was frequently expressed that **clearer guidance on scope**, **thresholds, and what constitutes "sufficient" due diligence** would further benefit practitioners. Companies interviewed wanted to know where the boundaries of reasonable effort lie. A *"lack of guidance"*, as mentioned by one upstream company, reflects an overall concern shared by several interviewees. Specifically, in the absence of clear benchmarks, companies cannot be confident that what they are doing is enough, which creates both legal uncertainty and operational inefficiency. Another upstream company captured the practical dimension of this problem when describing the difficulty of translating risk identification into action: *"What do you do with that* *outcome?*". This company was calling for operational frameworks that connect findings to responses. The results suggested that supply chain data needs are grounded in the quality of the data which can be obtained. But what is “sufficient” due diligence, or the inability to properly define this, is a topic of discussion by other researchers who suggest confusion comes from conflating two distinct concepts: due diligence as a business process for managing risk and due diligence as a standard of conduct required to discharge an obligation. The authors argue, this conceptual confusion creates uncertainty because it is unclear whether a company's responsibility depends on simply following a process or on meeting a specific objective standard of care, leaving no clear threshold for when efforts are deemed adequate (Bonnitcha & McCorquodale, 2017).

Frequently also mentioned was a need for **greater coordination across companies and shared mechanisms**. Several interviewees described the current landscape as one in which each company builds its own parallel systems, generating duplication for suppliers and inefficiency for everyone. Multiple upstream companies called for shared data infrastructures and common submission platforms while others expressed the need for a common understanding and EU-level coordination. A downstream company argued that "*it needs to be integrated into one integral due diligence process*" rather than maintained as a set of fragmented parallel requirements. The logic follows one of collective action. Many of the structural challenges companies face, such as data gaps, supplier fatigue, duplication of effort, could be partially addressed through shared infrastructure rather than company-by-company solutions, findings that were found in other studies (IEA, 2025). Further, frequently discussed during the workshops was to the need to overcome collaboration barriers. Many interviewees mention that all companies have the same due diligence risk hotspots and that collaboration across sectors would be more efficient instead of individual tracking and tracing. Companies need to build on existing initiatives, such as the Responsible Business Alliance (RBA, 2026) and the Responsible Minerals Initiative (RMI, 2026) in order to level the playing field such that transparency and due diligence does not turn into a competitive disadvantage for those with higher standards.

Stable, harmonised rules
One aligned framework instead of overlapping, shifting requirements → real planning security.

Guidance on “how much is enough”
Clear thresholds for what counts as sufficient effort → and what to do once a risk is found.

Shared data & traceability
Common platforms and standards that no single company can build on its own.

Coordination that creates leverage
Joint questionnaires, audits and platforms so the value chain pulls together, not duplicates effort.

A level playing field
Incentives and enforcement so strong due diligence becomes an advantage, not a penalty.

Figure 2: Identified company needs for effective due diligence based on the interviews conducted.

There were other, less frequently yet meaningfully expressed needs in the interview dataset that are nonetheless worth analysing. Companies describe needs for **internal capacity, expertise, and resources** in which an upstream company identified as *"the key thing"* when asked directly what was needed. Further, two downstream companies pointed to the need for improving effectiveness and efficiency in their internal processes. In addition, a smaller but significant group of interviewees called for a shift in focus from documentation to outcomes. An upstream company stressed that due diligence should remain *"outcome focused"* and not degenerate into *"managing documentation"*, while the industry association argued for enforcement of objectives rather than rigid box-ticking. Some interviewees, particularly from upstream and materials companies, articulated needs for market incentives and a level playing field. Additionally, an upstream company called for efforts to *"level the playing field globally"*, and the industry association raised the need for *"green market"* liquidity and the idea that responsibly sourced materials should command a price premium that rewards investment in due diligence. These market-oriented needs are notable because they do not correspond directly to any of the most frequently cited operational challenges, rather they reflect a more systemic, policy-oriented perspective that is characteristic of upstream actors.

The needs expressed by interviewees are tightly aligned with the challenges they describe. For example, where companies describe supply chain opacity, they ask for traceability infrastructure, while challenges of regulatory fragmentation or limited leverage, companies request harmonisation and for coordination and shared mechanisms. This alignment reinforces the overall picture that companies are not asking to alter the established frameworks, but rather for improved conditions that would make compliance actually operationally feasible.

7. Path Forward

STRENGTHEN REGULATORY COHERENCE AND PROVIDE PRACTICAL IMPLEMENTATION GUIDANCE. To support effective implementation, regulatory bodies are expected to align requirements across jurisdictions, ensure consistent communication of expectations, and minimize divergences arising from national transposition processes. In addition, clear operational and practical guidelines should be made available as early as possible following the adoption of new regulations. This will enable companies to translate legal obligations into practical implementation measures and avoid inconsistency in interpretation. Better regulatory coherence and practical implementation guideline would enable companies to invest in robust due diligence systems and focus resources on achieving outcomes rather than navigating regulatory ambiguity. At the same time, this would help ensure a level playing field for companies and reduce the risk of competitive disadvantages and market distortions. The Omnibus I simplification initiative represents a step in this direction, as it foresees the publication of guidance documents and voluntary model contractual clauses in 2027 and 2028 (Corporate Sustainability Due Diligence - Omnibus I, 2026).

ADOPT RISK-BASED SUPPLIER SCREENING AND PRIORITIZATION SYSTEMS TO FOCUS DUE DILIGENCE EFFORTS ON SUPPLIERS AND COMMODITIES WITH THE HIGHEST POTENTIAL RISKS. Given the scale and complexity of supply chains, comprehensive assessments of all suppliers, particularly for companies with thousands of suppliers, are often infeasible. Structured screening mechanisms using risk indicators can help companies allocate resources more effectively by identifying higher-risk suppliers for enhanced due diligence, monitoring, and engagement. Prioritization should also take into account the inherent risks associated with specific commodities, as certain raw materials or product categories are consistently linked to higher environmental or human rights risks. Such risk-based approaches improve the efficiency of due diligence processes while ensuring that limited resources are directed toward the areas of greatest concern.

ENCOURAGE DUE DILIGENCE APPROACHES THAT INCENTIVIZE TRANSPARENCY AND SUPPLIER IMPROVEMENT RATHER THAN RELYING SOLELY ON COMPLIANCE-BASED AUDITING. The findings suggest that effective supply chain due diligence depends not only on robust monitoring and verification mechanisms but also on trust-based relationships between buyers and suppliers. While traditional audits remain important for accountability, interview findings shows that collaborative engagement models may generate greater transparency and facilitate the identification and remediation of supply chain risks. Policymakers and industry initiatives should promote due diligence models that create safe conditions for suppliers to disclose risks and challenges without fear of immediate punitive consequences. Such approaches can strengthen supplier engagement, improve information quality, and support continuous improvement. Guidance and regulatory frameworks should therefore recognize collaborative remediation and capacity-building efforts as important complements to traditional audit-based compliance mechanisms.

INTEGRATE SUSTAINABILITY CONSIDERATIONS INTO PROCUREMENT AND COMMERCIAL FUNCTIONS THROUGH CROSS-FUNCTIONAL COLLABORATION AND SHARED RESPONSIBILITY FOR

DUE DILIGENCE. Rather than assigning due diligence solely to sustainability teams, companies should involve procurement and commercial functions in supplier monitoring and risk assessment processes. A promising practice is to include procurement or commercial staff in supplier site visits, enabling them to directly observe potential negative impacts on the ground and strengthen their understanding of sustainability risks. As commercial and procurement teams often have the most frequent contact with suppliers, a multidisciplinary approach can facilitate the integration of sustainability requirements into business operations. This finding is consistent with previous research showing that companies that integrate environmental, social and governance (ESG) considerations into day-to-day procurement processes tend to achieve stronger sustainability performance and are better positioned to identify, manage, and mitigate supply chain risks (Okojie et al., 2020).

STRENGTHEN COLLABORATIVE DUE DILIGENCE INITIATIVES AND SHARED INDUSTRY INFRASTRUCTURES. The interviews suggest that due diligence is still predominantly organized as an individual company compliance exercise, despite widespread recognition that many supply chain risks are shared across industries and value chains. Companies should therefore increase their participation in collaborative initiatives and jointly develop common assessment methodologies, supplier engagement mechanisms, and data-sharing infrastructures. Such collective approaches that are usually offered and coordinated by industry associations and initiatives can reduce audit fatigue, improve data comparability, strengthen leverage over suppliers, and address systemic risks more effectively than isolated company-led efforts.

ESTABLISH INDUSTRY-WIDE TRACEABILITY SYSTEMS BASED ON COMMON DATA STANDARDS AND INTEROPERABILITY PROTOCOLS. The findings suggest that companies view the collection and verification of supply chain information as a collective-action problem that cannot be solved efficiently by individual firms alone. As indicated in the OECD/IEA report (IEA, 2025) , policymakers are expected to support the development of shared traceability infrastructure that provides standardized data formats, interoperable information systems, and independent verification mechanisms. This would address the current challenges of fragmented, low-quality supply chain data by reducing duplication of effort across firms, improving data reliability, and enabling more efficient information sharing throughout mineral supply chains.

CONSIDER EXTERNAL SUPPORTING MECHANISMS AND TOOLS AS INFRASTRUCTURE, NOT STRATEGY. Companies rely on a range of external mechanisms and supporting tools to implement due diligence (See Text Box 2). These tools and mechanisms help companies manage complexity and coordinate activities across supply chains. However, they do not replace the analytical, managerial, and decision-making work required for effective due diligence. Responsibility for identifying, assessing, prioritizing, and addressing risks ultimately remains with companies and their internal governance and operational systems (IEA, 2025; OECD, 2022). Across the dataset, interviewees consistently recognized a gap between what external mechanisms provide (e.g. signals, scores, certifications, and audit reports) and what effective due diligence requires (e.g. judgement, engagement, and impact-oriented action).

Text Box 2. External supporting tools and mechanisms implemented by companies

Companies rely on a range of external mechanisms and supporting tools to implement due diligence. The most frequently mentioned are:

Rating and screening tools: Primarily used for supplier screening and assessment, these tools help outsource sustainability evaluations and signal compliance to business partners. While valued for their efficiency and standardisation, interviewees criticised them as superficial, overly document-based, and insufficiently focused on actual impacts. Several respondents noted that such tools rely heavily on company self-reporting and emphasise disclosure rather than real-world performance.

Industry initiatives and collective platforms: These mechanisms are valued for providing shared infrastructure, facilitating knowledge exchange, and reducing duplication of effort across companies. However, interviewees highlighted that many initiatives remain limited in scope, often focusing on specific minerals or segments of the supply chain rather than providing end-to-end coverage.

Certification and assurance schemes: These schemes support companies in identifying strengths and weaknesses and can provide a common framework for collaboration. However, respondents generally viewed them as legitimacy anchors and coordination devices rather than as tools that directly support operational due diligence or risk management.

Third-party audits: The most widely used external mechanism mentioned by interviewees, third-party audits are primarily employed for supplier verification, risk-based escalation, and demonstrating legal compliance. While considered important for credibility and legal defensibility, audits were criticised for providing only a snapshot in time, being resource-intensive, and often failing to capture evolving conditions on the ground. One downstream company argued that trust-based engagement with suppliers revealed issues that audits had never identified.

Regulatory guidance frameworks: The OECD Due Diligence Guidance emerged as the dominant normative reference, cited in more than ten interviews. It serves as the conceptual backbone, shared language, and procedural framework through which companies structure their due diligence efforts. While generally regarded as clear at the principles level, respondents criticised its limited operational guidance, particularly regarding impact measurement, prioritisation thresholds, and what constitutes a sufficient level of effort.

While the key takeaways presented thus far focus on strengthening the implementation of due diligence processes, the following recommendations are derived from the validation of the gap analysis described in Section 3 and highlight opportunities to improve reporting and disclosure practices.

Transparency as protection, not liability. Reporting on due diligence activities is itself a protection for companies against allegations that may arise. By reporting on their risk assessments through preferred communication channels to stakeholders, companies build public trust. However, for companies to embrace reporting in more detail, they need to be convinced that the information published will not be used against them. Increasing disclosure requirements without safe-harbour provisions may reduce meaningful transparency rather than increase it, as companies retreat further into formulaic reporting.

Building trust through collaborative due diligence. Ensuring that the environment surrounding due diligence reporting is positive and supportive will make a significant difference to results. Collaboration and cooperation between companies, and between companies and other stakeholders, will foster improved DD reporting. Such collaboration is based on trust and generating and maintaining that trust remains an important first step.

Greater guidance is needed on reporting stakeholder engagement and remediation. The findings suggest that confidentiality concerns can legitimately limit what companies are able to disclose about stakeholder engagement, remediation processes and grievance mechanisms. Existing reporting frameworks often provide limited guidance on how to balance transparency with confidentiality and stakeholder protection. Policy frameworks could therefore provide more detailed guidance on reporting engagement processes, methodologies, and outcomes without requiring disclosure of sensitive information or compromising stakeholder trust. This could improve comparability and encourage peer learning among companies.

8. Conclusions

Based on a series of interviews with large multinational companies, this report examined how companies implement supply chain due diligence, the challenges they face, the motivations driving their efforts, and their needs for effective implementation. The findings suggest that due diligence is becoming increasingly embedded in corporate governance and sourcing practices. However, its implementation remains constrained by structural challenges, particularly limited supply chain visibility, poor data quality, fragmented regulatory requirements, limited leverage over suppliers, and broader operational constraints.

Across the interviews, companies consistently emphasized the need for more coherent and harmonized regulations, clearer guidance on what constitutes sufficient due diligence, improved traceability systems, greater collaboration across supply chains, and increased internal capacity and expertise. Many respondents stressed that effective due diligence cannot be achieved through company-level action alone. Challenges related to traceability, data quality, and supply chain transparency were frequently described as collective-action problems that require shared industry infrastructure, interoperable systems, and greater support from policymakers and industry initiatives.

The recommendations emerging from the interviews reflect this understanding. Companies called for stronger regulatory coherence, practical implementation guidance, industry-wide traceability systems, collaborative due diligence initiatives, and approaches that prioritize supplier engagement and improvement over compliance-driven auditing. At the same time, interviewees emphasized that external mechanisms such as audits, certification schemes, ratings, and industry initiatives should be viewed as supporting infrastructure rather than substitutes for internal due diligence processes.

Ultimately, effective due diligence depends on companies' ability to exercise judgement, prioritize risks, engage suppliers, and integrate sustainability considerations into core business functions.

The most striking finding concerns the motivation behind due diligence. While interviewees frequently referred to regulatory compliance, business risk reduction, reputation management, customer expectations, and organizational values, very few identified the prevention of adverse human rights or environmental impacts as a primary motivation or benefit in itself. Instead, impacts were often framed indirectly through legal, commercial, or reputational considerations. This suggests that, despite growing uptake of due diligence practices, implementation remains largely driven by external pressures and business incentives rather than by a direct commitment to improving environmental and human rights outcomes.

This finding has important implications. If due diligence is to fulfil its intended purpose, the prevention and mitigation of adverse impacts must become a central objective rather than a secondary outcome of compliance and risk management efforts. While regulation can create incentives and minimum expectations, meaningful progress ultimately depends on embedding respect for human rights and environmental stewardship as normal business practice.

Overall, the findings suggest that improving due diligence requires both stronger enabling conditions and a shift in organizational mindsets. Regulatory clarity, shared infrastructure, improved data systems, and greater collaboration can support implementation, but the long-term effectiveness of due diligence will ultimately be determined by whether companies move beyond compliance-oriented approaches and focus on achieving tangible improvements for people and the environment.

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